

**ITEL**

**Pullman**

September 29, 1989

RECORDATION NO

FILED 1425

OCT 4 1989 - 12 05 PM

INTERSTATE COMMERCE COMMISSION

**Itel Rail Corporation**

55 Francisco Street  
San Francisco, California 94133

(415) 984-4000  
(415) 781-1035 Fax

Hon. Noretta R. McGee  
Secretary  
Interstate Commerce Commission  
Washington, DC 20423

Re: Schedule No. 15 to Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation and Hartford and Slocomb Railroad Company

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15 recordation fee.

Please record this Schedule under Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation, as successor in interest to both Itel Rail Corporation and Itel Railcar Corporation, and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)  
55 Francisco Street  
San Francisco, California 94133

Hartford and Slocomb Railroad Company (Lessee)  
P.O. Box 2243  
Dothan, Alabama 36302

This Schedule adds to the Lease Agreement ten (10) 505', 70-ton, Plate B, XP boxcars bearing reporting marks HS 14300-14319 for a one time movement described therein.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

*Patricia Schumacker*

Patricia Schumacker  
Legal Assistant

15642-9

080 LOT #2197-15

ADDITIONAL COPIES OF THIS SCHEDULE

SCHEDULE NO. 15

THIS SCHEDULE NO. 15 ("Schedule") to that certain Lease Agreement (the "Agreement") made as of May 5, 1988 between ITEL RAIL CORPORATION, as successor in interest to ITEL RAILCAR CORPORATION, as lessor ("Lessor") and HARTFORD AND SLOCOMB RAILROAD COMPANY as lessee ("Lessee"), is made this 8<sup>th</sup> day of September, 1989 between Lessor and Lessee.

RECITALS

- A. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the boxcars described on this Schedule.
- B. Lessor and Lessee recognize that the boxcars will be used for a one time movement of bailed trash by United Waste Removal, located in Long Island, New York, and are to be returned to Lessee's line upon completion of such one time movement.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 15, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech Desig	Description	Numbers	Dimensions Inside			No. of Cars
			Length	Width	Height	
XP	70-Ton, Plate B, 10' Sliding door, Rigid Underframe Boxcars	HS 14300- 14319	50'	9'6"	10'7"	20

3. A. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the date such Car is remarked ("Delivery") and shall continue as to all of the Cars described in this Schedule for five (5) years from the earlier of (i) the date on which the last Car described in this Schedule was remarked or (ii) sixty (60) days from the date the first Car described in this Schedule was delivered to Lessee's lines (the "Initial Term"). Upon the delivery of the

final Car, Lessor shall provide Lessee with a Certificate of Delivery, in the form of Exhibit A attached hereto, including the Delivery date for each Car and the expiration date of the Agreement with respect to the Cars described in this Schedule. Unless Lessee, within fifteen (15) days of such notice, demonstrates to the satisfaction of Lessor that such date is incorrect, then Lessee shall be deemed to have concurred to such date.

- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended from calendar year to calendar year, not to exceed an additional five (5) years (each such calendar year an "Extended Term"). Lessor may terminate the Agreement at any time during the Initial Term or any Extended Term as to some or all of the Cars described in this Schedule by providing not less than ten (10) days' prior written notice to the Lessee.
- 4. Lessee agrees to pay the rent set forth in the Agreement, notwithstanding the fact that Lessee may not have immediate physical possession of the Cars. To ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders to facilitate the movement of the Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.
- 5. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except those delegated to Lessee as set forth in Subsection 5.B. of the Agreement. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby added to the Agreement. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
- 6. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: a) ad valorem tax assessments on the Cars; and b) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and

Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

7. Rent

A. Definitions

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 7.A.(iii) hereinbelow).
- (ii) "Revenue Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the July 1989 edition of The Official Railway Equipment Register, as may be updated from time to time.
- (iii) "Revenues" is defined as the total revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, per diem and mileage, whether or not collected and received by Lessor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.
- (iv) "Base Revenues" is defined as  
per Car per calendar Quarter.

- B. Lessee agrees to pay rent to Lessor for the Cars calculated as follows:

- (i) In the event Revenues earned in any Quarter are equal to or less than the Base Revenues, then Lessor shall retain a sum equal to
- (ii) In the event Revenues earned in any Quarter exceed the Base Revenues, Lessor shall retain an amount and Lessee shall receive
- C. (i) In the event that as a result of any action or inaction by Lessee, Lessor shall receive or earn for the use of any Cars, Revenues calculated at hourly or mileage car hire rates that are lower in amount than those specified in Subsection 7.A. (ii), Lessee shall pay to Lessor, within ten (10) days of Lessor's request, an amount equal to the difference between the Revenues such Cars would have earned at the Revenue Rates and the amount of revenues actually received or earned for such Cars.
- (ii) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.
- (iii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.
- D. Any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement(s)") shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the Revenues earned by the Cars.
- E. If, with respect to any calendar quarter, Revenues received by Lessor for the Cars in the aggregate while they were on railroad lines other than the Eligible Lines are less than
  - then Lessor may so notify Lessee. Within ten (10) days of receipt of such notice from Lessor, Lessee shall either:
  - (i) Pay Lessor the difference ("Difference") between the Base Revenues and the actual Revenues for such calendar quarter and agree to pay the Difference for

any subsequent calendar quarter for the duration of the term of the Agreement with respect to the Cars in this Schedule in which such Difference occurs. Lessee shall pay Lessor such Difference not later than sixty (60) days after receiving an invoice for such Difference .

- (ii) Elect not to pay Lessor Difference for such quarter. In such event, Lessor may terminate all or any of the Cars described in this Schedule from the Agreement upon not less than thirty (30) days' written notice to Lessee at any time during the duration of the Agreement.

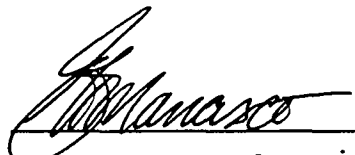
F. If any Car has remained on Lessee's property because Lessee has not given preference to the Car as specified in Subsection 3.B. of the Agreement, Lessee shall be liable for and remit to Lessor

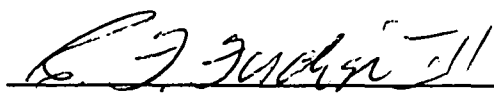
which would have been generated if such Car had been in the physical possession and use of a railroad for the entire period during which such Car is on Lessee's property due to such failure, with each Car travelling miles per day.

8. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
9. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

ITEL RAIL CORPORATION

HARTFORD AND SLOCOMB RAILROAD COMPANY

By:   
 Title: Senior Vice President of Marketing and Sales

By:   
 Title: President

Date: 9/8/89

Date: 8-30-89

**EXHIBIT A**  
**CERTIFICATE OF DELIVERY DATE**

Exhibit A to Schedule No. 15 dated as of September 8, 1989 by and between ITEL RAIL CORPORATION ("Lessor") and HARTFORD AND SLOCOMB RAILROAD COMPANY ("Lessee"), to Lease Agreement dated as of May 5, 1988, by and between Lessor and Itel Rail Corporation, as successor in interest to Itel Railcar Corporation, severally, as lessors, and Lessee.

<u>HS Reporting Marks and Number</u>	<u>Date Delivered</u>
HS 014300	06/29/89
HS 014301	06/29/89
HS 014302	06/29/89
HS 014303	06/29/89
HS 014304	06/29/89
HS 014305	06/29/89
HS 014306	06/29/89
HS 014307	06/29/89
HS 014308	06/29/89
HS 014309	06/29/89
HS 014310	06/30/89
HS 014311	06/30/89
HS 014312	06/30/89
HS 014313	06/30/89
HS 014314	06/30/89
HS 014315	06/30/89
HS 014316	06/30/89
HS 014317	06/30/89
HS 014318	06/30/89
HS 014319	06/30/89

The initial Term for these Cars shall end on June 29, 1992.

**EXHIBIT B**

**Running Repairs: RB Boxcars**

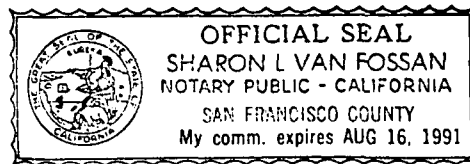
Angle Cocks	Wheel Assemblies
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Gears
Brake Shoe Keys	Couple Carriers
Brake Connecting Pin	Center Plate Repair (Not Replacement of Center Plate)
Brake Head Wear Plates	Cotter Keys
Air Brakes	Roller Bearing Adapters
Hand Brakes	Air Hose Supports
Brake Beams and Levers	Load Divider Repairs (Not Replacement)
Truck Springs	
Door Hardware (Not Replacement of Door)	



STATE OF CALIFORNIA )  
 ) ss:  
 COUNTY OF SAN FRANCISCO ) E. LOYD MANASCO

On this 8th day of September, 1989, before me personally appeared ~~Desmond P. Hayes~~, to me personally known, who being by me duly sworn says that such person is <sup>SE VICE</sup> President and ~~Chief Executive Officer~~ <sup>MARKETING + SALE</sup> of Itel Rail Corporation, that the foregoing Schedule No. 15 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon L. Van Fossan  
 Notary Public



STATE OF Alabama )  
 ) ss:  
 COUNTY OF Houston )

On this 30 day of August, 1989, before me personally appeared Co E Fischer III, to me personally known, who being by me duly sworn says that such person is President of Hartford and Slocomb Railroad Company that the foregoing Schedule No. 15 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joan Thompson  
 Notary Public